

BBW5c
12.11.8

LOWENSTEIN SANDLER PC
Attorneys at Law

DAVID M. WISSERT
Associate

Tel 973.597.2560 Fax 973.597.2561
dwissert@lowenstein.com

July 20, 1998

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Harold R. Moore III
Environmental Claim Supervisor
Wausau Insurance Companies - Midwestern Division
1431 Opus Place
Suite 300
Downers Grove, IL 60515-1169

**Re: Potential Claim for Environmental Damage in the
Couer d'Alene Basin, Northern Idaho
Insured: Group R. Co., Inc.
Your File No.: H74-102666**



Dear Mr. Moore:

We have received your letter of April 28, 1998, wherein you disclaim coverage for the above-referenced matter. Our records further indicate that you have received our letter of May 27, 1998, in which we informed you that the Court denied without prejudice the motions filed by the U.S. Department of Justice (the "United States") and Coeur d'Alene Tribe (the "Tribe") seeking leave to amend their complaints to add our client, Group R Co., Inc., ("Group R") as a defendant. Consequently, Group R is not being added as a defendant at this time.

Despite the fact that Group R is not being added as a defendant at this time, we are writing in response to your letter. Preliminarily, Group R expressly reserves its rights to seek coverage from Wausau in the event the United States and the Tribe renew their motions to add Group R as a defendant or approach Group R for a settlement. In this regard, we will continue to monitor the litigation closely and will advise you of any relevant developments. In the meantime, Group R is placing this matter on "hold" and is not waiving any of its rights to pursue Wausau for coverage in the event such action becomes necessary.

In addition, in your letter you made several requests. Those requests and Group R's responses thereto are set forth below:

1. If we believe that Wausau's primary policies could be impacted by the above-referenced claim, you request that we provide you with our reasoning and forward

65 Livingston Avenue

Roseland New Jersey
07068-1791



Telephone 973.597.2500
Fax 973.597.2400

www.lowenstein.com

LS 003698

July 20, 1998

supporting documentation including, the Cerro-Marmon merger agreement and documents evidencing the nature of the Cerro acquisition of Golconda.

Response: We had been working with our client to assemble the relevant information that you have requested. Despite the fact that Group R is not being added as a defendant at this time, we intend to continue working with our client to assemble this information. Depending on whether the United States and the Tribe renew their motions to add Group R as a defendant or approach Group R for a settlement, we will provide you with this information once it is assembled.

2. Whether Golconda is a functioning operation and a history of its insurance coverage.

Response: Group R currently is not a functioning operation. As for a history of Group R's insurance coverage, we had been working with our client to assemble the relevant information. Despite the fact that Group R is not being added as a defendant at this time, we intend to continue working with our client to assemble this information. Depending on whether the United States and the Tribe renew their motions to add Group R as a defendant or approach Group R for a settlement, we will provide you with this information once it is assembled.

3. Copies of the following policies: Granite State policy nos. 6682-3774 and 66834169 and National Union policy nos. 1339366 and 1319544.

Response: Enclosed is a copy of National Union policy no. 1339366. As for the other policies, we are working with our client to locate copies of same. If and when we locate them, we will provide you with copies.

4. Copies of documents bates numbered LS00001 - LS002521 that Group submitted in connection with its 104(e) Response.

Response: As indicated by the bates numbers, these documents consist of over 2500 pages. We will forward a copy of these documents to you if Wausau will pay for the copying costs at \$.20 per page for a total cost of \$504.20. Kindly forward a check in the amount \$504.20 made payable to LOWENSTEIN SANDLER PC and we will forward copies of the documents.

5. Whether Marmon has received formal service of suit or whether this remains a potential claim.

Response: As we informed you in our letter of May 27, 1998, the Court denied without prejudice the United States' and the Tribe's motions to add Group R as a defendant. Consequently, Group R is not being added as a defendant at this time.



LS 003699

Harold R. Moore III

July 20, 1998

If you have any questions or require additional information, please do not hesitate to contact me or Michael David Lichtenstein of this office.

Very truly yours,


David M. Wissert

M2377/59
07/19/98 0540181.01

Enclosure

cc: Michael David Lichtenstein, Esq. (w/o encl.)



LS 003700